

RSC Info Alert: Budget Gimmicks and the “Doc Fix” The Fiscal Conundrum, Pretend to Pay or Not to Pay?

Some conservatives may be concerned that the Democrats are once again using a cheap budget trick to avoid offsetting the \$247 billion cost of enacting a permanent repeal of the Sustainable Growth Rate (SGR) or “Doc Fix” in order to move one step closer to enacting Obamacare.

Unlike the House, the Senate Finance Committee bill did not even attempt to fix SGR—instead the bill used a budget gimmick so that CBO assumes Congress will let a 25% cut occur in 2012. This remains politically unrealistic. Today, however, the Senate filed cloture on the motion to proceed to S.1776 (Stabenow, D-MI) which would repeal SGR and wipe out the debt that has been accumulated under the system, setting future payment updates at zero (not taking into account inflation) – without paying for it.

The House, however, has tied its own hands (as well as the Senate’s) by pledging [in a letter](#) earlier this year not to bring an SGR bill or conference report to the floor unless statutory Pay-As-You-Go (PAYGO) is enacted already or is attached to the legislation. Despite claims of fiscal conservatism, every member of the Blue Dog Coalition has already signed off on SGR being exempted from PAYGO rules when they voted for and passed the Statutory Pay-As-You-Go Act of 2009 (H.R. 2920) this July.

According to news reports, the House will simply remove the Doc Fix from the House overhaul bill to be voted on separately “[in the same time period](#)” as the overhaul using a procedural maneuver called a “self-executing rule” such that the SGR fix would be incorporated into the larger bill without adding to the score. The House SGR fix would rebase SGR and eliminate the 21% cut while establishing two new separate conversion factors or “payment baskets”.

Passing SGR as a stand alone without pay fors will open the door for the Democrats to claim they are staying under budget on a broader health care package while still slashing Medicare and raising taxes. A freeze in SGR without an unclear future on payment structure, combined with the horrendous provisions in the various health care reform bills will lead to more problems for patients and doctors.

While conservatives are supportive of fixing the SGR, it has become apparent that Democrats cannot maintain fiscal restraint on their government take-over of health care

legislation and thus have been reduced to playing tricks on the American public in order to pass legislation.

A few highlights of the current situation include:

- The bill, if not paid for, certainly adds to the deficit, putting Obama in a difficult position – if he supports the SGR fix with no pay fors, he breaks his [promise](#) that “I will not sign health insurance reform — as badly as I think it’s necessary, I won’t sign it if that reform adds even one dime to our deficit over the next decade — and I mean what I say.” If he opposed the SGR fix with no pay fors, he risks losing badly needed physician support and is faced with it being added back into the larger health reform bill, thus breaking another promise that health care reform won’t cost more than \$900 billion dollars.
- Some physician groups, including the American Association of Neurological Surgeons, have already come out against S. 1776 due to the uncertainty associated with eliminating SGR and implementing a freeze on payments for ten years without an alternative structure in place.
- Without an SGR fix, some conservatives may question, “What is left in various health care reform bills for doctors to support?” Arbitrary cuts from an unelected “MedPAC on Steroids”, cuts for doctors whose “resource use” is too high regardless of their patient mix or geographic location, a “robust” government run plan, or the vast expansion of Medicaid underpayment?